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# World Production and Trade

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United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

Washington, D.C. 20250

Weekly  
Roundup

WR 26-85

June 26, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

## GRAIN AND FEED

INDIA's food agency reportedly has stopped buying wheat from farmers, despite a mandate to buy all wheat offered for sale, because government warehouses are full. Wheat purchases this season total a record 10 million tons, yet farmers still hold up to 7 million tons that will be largely unprotected from monsoon rains. The surplus wheat may eventually be exported and compete with U.S. supplies.

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CHINA reportedly plans to build a new port at Dalian on the Davao Bay. It will have 100 berths, capable of handling 50 million tons of bulk and containerized cargo per year. Plans are to have four berths, capable of handling over 4 million tons of cargo per year, operational by 1990. Dalian is one of 14 coastal cities in which China had offered special terms to lure foreign investment. This port will greatly enhance China's grain exporting capabilities and make it a more reliable supplier, which could lead to greater grain exports in the future. China is expected to export 5.1 million tons of coarse grains (mostly corn) in October-September 1984/85.

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AUSTRALIA reportedly has sold 400,000 tons of wheat to China for delivery in 1985, bringing total Chinese purchases of Australian wheat to about 1 million tons this calendar year. China continues to buy Australian wheat despite the expiration of the long-term agreement between the two countries in December 1984.

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Following an 18 percent devaluation of the peso, ARGENTINA has increased export taxes on grains by 7-10 percent, thereby negating much of the price advantage gained by the devaluation. Argentina is forecast to export 7.6 million tons of wheat and 11.7 million tons of coarse grains during the current marketing year.

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Recent reports indicate that the EUROPEAN COMMUNITY (EC) Commission has dropped its voluntary program to restrain commercial soft wheat and flour exports for 1984/85 (August/July) to 14 percent of world trade. Since this reported decision comes so late in the year, it will have little impact on 1984/85 (July/June) world trade. However, it could signal the EC's intention to return to unrestrained wheat exports in 1985/86, particularly since the EC still has abnormally large intervention stocks (12-15 million tons) and current expectations are for another large wheat harvest in the face of declining world wheat demand.

For 1984/85, the EC is forecast to export 16.5-17.5 million tons of soft wheat and flour, of which 1.5 million tons is likely to be food aid. That means commercial shipments could total 15-16 million tons, or about 14.5 percent of USDA's current world wheat trade estimate for 1984/85. Export licenses for soft wheat and flour (including carry-in licenses) cover nearly 16 million tons through mid-June, with additional sales likely to be from intervention stocks.

#### OILSEEDS AND PRODUCTS

For the first time ever, ARGENTINA is shipping soybean oil to the United States. Total sales, estimated at 30,000 tons or more, are split between four or five companies. A price differential between U.S. and Argentine soybean oil of nearly \$150 per ton in late May is up from about \$130 in late March, encouraging Argentine sales.

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EGYPT is unlikely to import soybean oil during the 1985/86 marketing year given the current price relationship between soybean oil and cottonseed and sunflowerseed oils, according to the U.S. agricultural counselor in Cairo. In previous marketing years, soybean oil imports have accounted for a significant share of Egypt's vegetable oil import market. The expected drop in 1985/86 Egyptian soybean oil imports will be offset by larger cottonseed oil imports, currently estimated at 200,000 tons, and large sunflowerseed oil imports, estimated at 220,000 tons. The U.S. vegetable oil market share in Egypt was as high as 74 percent in 1978, but dropped to 27 percent in 1984. Competition in recent years from Argentine sunflowerseed oil and Brazilian cottonseed oil has eroded the U.S. position. In 1984, Egypt imported 40,000 tons of soybean oil, of which 80 percent was non-U.S. origin.

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INDIA has lowered the percentage of imported vegetable oils in vanaspati from 60 to 55 percent. This decision was made in an attempt to boost domestic oil prices which have declined significantly following the record harvest of rapeseed and mustardseed this year. Virtually all imported soybean oil is used in the vanaspati industry. India's October-September 1984/85 imports of soybean oil are estimated at 450,000 tons, down 40 percent from last year. U.S. soybean oil exports to India are significantly below the previous year.

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The UNITED STATES is facing increased competition from FRANCE in the NORTH AFRICAN vegetable oil market. Rapeseed oil exports from France during July 1984-March 1985 increased 52 percent over the same period last year to 222,500 tons. Exports to the North African countries of Algeria, Morocco and Tunisia have accounted for a significant portion of the increased export levels. If the large French rapeseed oil export volume continues, the United States will face increased competition in the vegetable oil market in North Africa, a market to which the United States exports sunflowerseed oil (Algeria) and soybean oil (Morocco). A more serious threat to the U.S. vegetable oil market interest could materialize if Egypt initiates a new import policy allowing for the import of rapeseed oil. Rapeseed oil is now included on the list of agricultural commodities that Egypt will purchase from France following the renewal of a credit line by the French government.

#### DAIRY, LIVESTOCK AND POULTRY

ARGENTINA's cattle slaughter estimate for 1985 has been revised upward from 13 to 13.5 million head, according to the agricultural counselor in Buenos Aires. This is about 10 percent above the 1984 level and indicates that cattle herds are being liquidated. Cattle prices are at record lows, while beef exports are at a 25-year low. Argentine cattle inventories on Jan. 1, 1985, were estimated at 58.5 million head and inventories are projected to fall by about 1 million head by the end of the year.

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State and collective farms in the SOVIET UNION report January-May 1985 total meat production was 6 percent above the same period in 1984, according the U.S. agricultural attache in Moscow. For the individual meats, beef was up 7 percent, pork was 4 percent higher and poultry meat increased 8 percent. Egg production for the first five months of 1985 was reportedly up 2 percent. Milk production was slightly below the same time period in 1984.

The livestock numbers reflect a less favorable situation for expansion than a year ago. Cattle numbers on state and collective farms on June 1 were reported at 98.9 million head, only 0.2 million above June 1984. Cow numbers at 29.7 million were down 0.2 million from a year ago. Inventories of hogs, reported at 57.8 million head, were 2.3 million below 1984 and 0.8 million below 1983. Sheep and goat numbers were reported at 143.5 million head, down 5.1 million head. Poultry numbers on June 1 were essentially unchanged from 1984.

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EGYPT has dropped the licensing requirement for imports of frozen meat, offals, poultry and fish. Instead, the Food Import Rationalization Committee of the Ministry of Supply will fix a retail price based on "world prices" and an exchange rate based on the official exchange rate plus 10 percent. Egyptian officials expect the action to stimulate private trade in these commodities.

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Egypt is a large market for frozen chicken meat, mainly from Brazil, France and some East European countries, and of U.S. beef and turkey livers. This action, if it works as expected, could result in increased U.S. sales of chicken legs, beef and turkey livers to Egypt.

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SWEDEN has signed a five-year agreement with the USSR for the supply of 5,000 tons of meat per year beginning in 1986. The meat is expected to be frozen whole beef carcasses. The two countries have also extended the agreement for supply of 5,000 tons of Swedish butter per year for five years. The USSR is a large importer of meat and butter, but not from the United States.

Prices for the butter and meat will be negotiated on a shipment-by-shipment basis. Sweden exported 2,981 tons of beef to the USSR in 1984, down from 5,582 in 1983. The agreement for butter was due to expire on Dec. 31, 1985. Under its terms, the USSR took 4,825 tons of butter from Sweden in 1984, compared with 9,963 in 1983 and 5,368 in 1982.

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SPAIN has temporarily suspended application of import duties on poultry meat imports through September 16 and on fresh egg imports through June 29. Increased imports of poultry meat and eggs are being encouraged as a measure to slow inflation. Concurrently, a reduction on compensatory duties on baby chicks and hatching eggs to 1 percent was extended through June 15. The U.S. exported 2,099 tons of chicken parts, 44,987 dozen hatch eggs and 181,035 baby chicks to Spain in 1984.

In the 12 months ending in March 1985, Spanish domestic prices for poultry meat and eggs increased by 14.2 and 16.0 percent, respectively. Spain has set a goal of holding the national inflation rate to 7 percent in 1985.

#### COTTON

PAKISTAN is developing new cotton markets in the Middle East (Tunisia, Algeria and Morocco) and in Europe in face of increasing Chinese exports to traditional Pakistani markets (Hong Kong, Japan, South Korea and Thailand). Pakistan's 1984/85 cotton exports are estimated to reach 1.2 million bales. During marketing year 1984/85, Pakistan traded 127,000 bales of cotton in barter agreements with Hungary, Czechoslovakia, Bulgaria, Finland and Sweden in exchange for 1.125 million tons of soft wheat.

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## FRUITS AND VEGETABLES

The U.S. agricultural counselor in Paris estimates FRANCE's 1984/85 output of dried prunes at a record 38,900 tons, 11 percent above the initial forecast of 35,000 tons released Oct. 31, 1984, (WR 44-84) Production during the 1985/86 season is expected to decline sharply to approximately 25,000 tons due to unfavorable weather conditions throughout the growing season and the inevitable reduction in production potential following a bumper harvest.

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Production of tomatoes for processing in 11 of the world's MAJOR PRODUCING COUNTRIES in 1985 is forecast at 16.4 million tons, down 14 percent from the record 1984 harvest, but 4 percent higher than 1983. Slightly larger 1985 crops are expected in Greece, Portugal, France and Turkey. Harvests in the United States, Canada, Mexico, Italy, Spain and Taiwan are forecast to be below 1984 levels.

In the United States, 1985 contracted tomato production for processing is forecast at 6.4 million tons, down 7 percent from last year's production of 6.9 million tons and 8 percent below actual 1984 production of 7.0 million tons. Output in California, the leading producing state, is forecast at 5.5 million tons, down from last year's contracted production of 5.9 million tons and actual production 6.0 million tons.

In Canada, 1985 processing tomato production is forecast to be down 19 percent from last year's record harvest. Intentions to contract in 1985 totaled 10,344 hectares, down from last year's 12,449 and down from last year's actual harvested area of 12,615 hectares. In Mexico, the 1985 crop is estimated to be down 8 percent from last year's above-average crop.

Italy's 1985 processing tomato crop is forecast at 3.7 million tons, 34 percent below last year's record crop. The sharp decline in projected output is attributed to production constraints imposed following last year's overproduction. In Greece, a record 1985 crop is forecast, 2 percent above last year. In France, production is forecast 1 percent above 1984. Average yield is expected to match last year's level while area is estimated up slightly.

In Spain, 1985 processing tomato production is forecast down 5 percent from last year's record crop. The projected decline is attributed to a reduction in plantings. In Portugal, production is forecast up 1 percent from last year.

Israel's 1985 processing tomato crop is estimated to be unchanged from last year, while in Turkey, 1985 production is forecast up 10 percent. In Taiwan, production is estimated to be down 29 percent from last year's record crop.

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Estimates of processing tomato production, by country, are as follows in 1,000 tons:

| Country                     | Revised<br>1984 | Forecast<br>1985 |
|-----------------------------|-----------------|------------------|
| United States               | 6,968           | 6,396 1/         |
| Canada                      | 534             | 435              |
| Mexico                      | 240             | 220              |
| Italy                       | 5,600           | 3,700            |
| Greece                      | 1,570           | 1,600            |
| France                      | 365             | 370              |
| Spain                       | 1,044           | 990              |
| Portugal                    | 880             | 890              |
| Israel                      | 270             | 270              |
| Turkey                      | 1,000           | 1,100            |
| Taiwan                      | 630             | 450              |
| Total selected<br>countries | 19,101          | 16,421           |

1/ Contracted production.

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Citrus production in selected countries of the NORTHERN HEMISPHERE for the 1984/85 season is estimated at 26.7 million tons, down 13 percent from last season's 30.6-million-ton harvest. Production by fruit type, with 1983/84 estimates in parentheses, is as follows in million tons: sweet oranges 15.4 (17.6); tangerines 4.7 (6.2); lemons 2.4 (2.7); grapefruit 2.8 (2.8); and other citrus--including sour oranges and limes--1.3 (1.3). These estimates reflect revisions since releases of Nov. 28, 1984, and March 6, 1985, (see WR 48-84 and WR 10-85, respectively).

Total citrus production in selected countries of the Northern Hemisphere is estimated, by country, as follows in 1,000 tons:

| Country                               | Revised<br>1983/84 1/ | Preliminary<br>1984/85 1/ |
|---------------------------------------|-----------------------|---------------------------|
| United States                         | 9,775                 | 9,534                     |
| Mexico                                | 2,018                 | 1,583                     |
| Cuba                                  | 660                   | 690                       |
| Japan                                 | 3,624                 | 2,696                     |
| Spain                                 | 3,890                 | 2,407                     |
| Italy                                 | 3,675                 | 2,986                     |
| Greece                                | 945                   | 1,056                     |
| Turkey                                | 1,045                 | 932                       |
| Israel                                | 1,522                 | 1,433                     |
| Egypt                                 | 1,556                 | 1,619                     |
| Morocco                               | 1,017                 | 1,021                     |
| Others 2/                             | 841                   | 769                       |
| Total selected<br>Northern Hemisphere | 30,568                | 26,726                    |

1/ Crop year--roughly October-June. 2/ Includes Cyprus, Gaza Strip and Lebanon.



COCOA

The MALAYSIAN cocoa bean production estimate for the 1984/85 crop year (October 1-September 30) has been reduced to 115,000 tons, according to the U.S. agricultural attache in Kuala Lumpur. The revised estimate would still be a record high outturn, 28 percent above last year's 90,000-ton output. The estimate was lowered because of weather conditions that resulted in lower-than-expected yields as indicated by slow deliveries during January-May. However, field reports indicate that harvested outturn during June-September could be much higher than normal, reversing the normal downward trend that usually occurs during this period.

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The U.S. agricultural officer in Rio de Janeiro has revised BRAZIL's 1984/85 cocoa production forecast to a record 408,000 tons, 9 percent higher than the previous estimate and 32 percent more than last year's crop. The estimate of the current crop was raised to reflect higher-than-expected yields from the main crop, which is already harvested, and favorable weather, that has improved prospects for the mid-year (temporao) crop).

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Selected International Prices

| Item                               | : | June 25, 1985 | : | Change from   | : | A year    |
|------------------------------------|---|---------------|---|---------------|---|-----------|
|                                    | : |               | : | previous week | : | ago       |
| ROTTERDAM PRICES 1/                |   | \$ per MT     |   | \$ per bu.    |   | \$ per MT |
| Wheat:                             |   |               |   |               |   |           |
| Canadian No. 1 CWRS-13.5%.         |   | 182.50        |   | 4.97          |   | - .50     |
| U.S. No. 2 DNS/NS: 14%....         |   | 164.75        |   | 4.48          |   | - .25     |
| U.S. No. 2 S.R.W. ....             |   | 143.00        |   | 3.89          |   | 0         |
| U.S. No. 3 H.A.D.....              |   | 168.00        |   | 4.57          |   | -5.00     |
| Canadian No. 1 A: Durum...         |   | 179.00        |   | 4.87          |   | 0         |
| Feed grains:                       |   |               |   |               |   |           |
| U.S. No. 3 Yellow Corn....         |   | 128.00        |   | 3.25          |   | - .50     |
| Soybeans and meal:                 |   |               |   |               |   |           |
| U.S. No. 2 Yellow.....9/           |   | 228.10        |   | 6.21          |   | - .15     |
| Brazil 47/48% SoyaPellets          |   | 148.50        |   | --            |   | +3.50     |
| U.S. 44% Soybean Meal....          |   | 144.00        |   | --            |   | +2.00     |
| U.S. FARM PRICES 3/                |   |               |   |               |   |           |
| Wheat.....                         |   | 115.73        |   | 3.15          |   | -1.47     |
| Barley.....                        |   | 72.11         |   | 1.57          |   | - .92     |
| Corn.....                          |   | 104.33        |   | 2.65          |   | - .39     |
| Sorghum.....                       |   | 98.99         |   | 4.49 2/       |   | +1.22     |
| Broilers 7/.....                   |   | 1187.84       |   | --            |   | +1.54     |
| EC IMPORT LEVIES                   |   |               |   |               |   |           |
| Wheat 5/.....                      |   | 75.55         |   | 2.06          |   | - .75     |
| Barley.....                        |   | 69.60         |   | 1.52          |   | - .75     |
| Corn.....                          |   | 63.60         |   | 1.62          |   | - .20     |
| Sorghum.....                       |   | 79.20         |   | 2.01          |   | - .40     |
| Broilers 4/ 6/ 8/.....             |   | 161.00        |   | --            |   | 0         |
| EC INTERVENTION PRICES 7/          |   |               |   |               |   |           |
| Common wheat(feed quality)         |   | 150.50        |   | 4.10          |   | - .10     |
| Bread wheat (min. quality)7/       |   | 159.90        |   | 4.35          |   | - .05     |
| Barley and all                     |   |               |   |               |   |           |
| other feed grains.....             |   | 150.50        |   | --            |   | - .10     |
| Broilers 4/ 6/.....                |   | 1094.00       |   | --            |   | +12.00    |
| EC EXPORT RESTITUTIONS (subsidies) |   |               |   |               |   |           |
| Wheat .....                        |   | N.A.          |   | --            |   | --        |
| Barley.....                        |   | N.A.          |   | --            |   | --        |
| Broilers 4/ 6/ 8/.....             |   | 95.00         |   | N.Q.          |   | 0         |

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. 9/September shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis July delivery. \* Corrective amount - 40.0 ECUs.